



IFRS® Foundation

# Management Commentary

Accounting Standards Advisory Forum meeting

ASAF Agenda Paper 2  
October 2021

# Purpose of this session

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## Background

- Exposure Draft *Management Commentary* was published on 27 May 2021
- Comment period closes on 23 November 2021

## Purpose of this session

- To provide a brief recap of the proposals and share initial feedback received by the Board
- To hear initial feedback from ASAF members' jurisdictions on the proposals, including on:
  - Objectives-based approach
  - Design of disclosure objectives
  - Guidance on long-term prospects, intangible resources and relationships and ESG matters
  - Full and partial compliance statements
  - Requirements that would be useful in your jurisdiction

# Agenda

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Recap of the proposed objectives-based approach

Feedback sought from ASAF members

# What is the IASB proposing?

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## Comprehensive objectives-based framework

Objective of management commentary

Disclosure objectives for areas of content

## Requirements and guidance on selecting and presenting information



Proposals include requirements and guidance on:

- long-term prospects
- intangible resources and relationships
- ESG matters

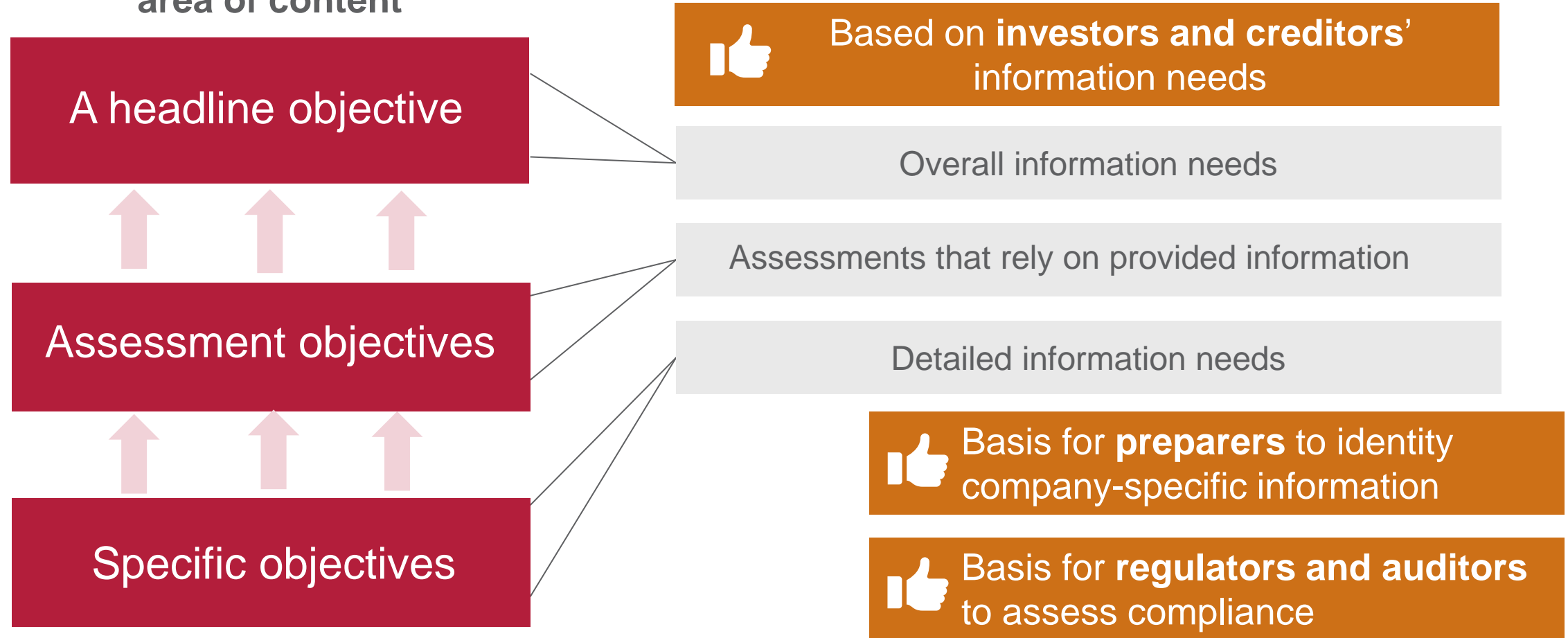
## Areas of content

- Business model
- Strategy
- Resources and relationships
- Risks
- External environment
- Financial performance and financial position

Focus on key matters

# Disclosure objectives: the design

Disclosure objectives for each area of content



# Long-term prospects, intangible resources and ESG

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Affect companies differently → need to be discussed across management commentary



## Dedicated appendix

- **Overview** of requirements and guidance to consider in providing information about:
  - matters that could affect the company's long-term prospects
  - intangible resources and relationships
  - environmental and social matters
- **Examples of application** in described fact patterns

Information is reported if **material** to investors and creditors

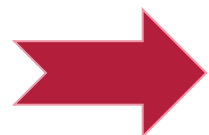


## Other sustainability frameworks:

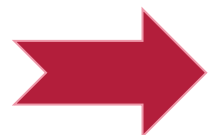
- can help identify information that might be material
- other information specified by those frameworks can be also included if it does not obscure material information

# Who would apply the new framework?

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Local **lawmakers or regulators** may decide to require compliance



**Companies** may choose to comply even if not required



A company's financial statements can comply with IFRS Standards even if:

- they are not accompanied by management commentary
- management commentary does not comply with the Practice Statement



Statement of compliance

Unqualified

- Complies with all requirements

Qualified

- Complies with some, but not all, requirements
  - must identify departures and reasons for them

# Feedback sought from ASAF members

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We would like to hear your initial feedback on any aspect of the proposals. You might like to consider the following questions:

- 1) Do you think an objectives-based approach would:
  - a) be capable of being operationalised by preparers of management commentary?
  - b) enable assessments of compliance?
- 2) Do you have any comments on the design of the disclosure objectives—which include headline, assessment and specific objectives?
- 3) Do you think the proposed objectives reflect the needs of investors and creditors?

Questions continue on next page/



# Feedback sought from ASAF members

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- 4) Do you think the Exposure Draft provides sufficient and appropriate guidance to help companies identify material information about their long-term prospects, their intangible resources and relationships, and ESG matters?
- 5) Thinking about current reporting requirements and practice in your jurisdiction:
  - a) are any important reporting requirements missing from the Exposure Draft proposals?
  - b) are there shortcomings in current reporting practice that the Exposure Draft proposals:
    - i. would be particularly useful in addressing?
    - ii. do not address?
- 6) Do you have any feedback on the proposals for qualified and unqualified statements of compliance?



- Project information <https://www.ifrs.org/projects/work-plan/management-commentary/>
- The Exposure Draft can be found [here](#)
- The snapshot summarising the proposals in the Exposure Draft can be found [here](#)
- A recording of the webinar on the proposals in the Exposure Draft can be found [here](#)

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